

PUBLIC DISCLOSURE

December 14, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ALDENVILLE CREDIT UNION

**710 GRATTAN STREET
CHICOPEE, MA 01020**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **ALDENVILLE CREDIT UNION** (or the "Credit Union") prepared by the Division, the institution's supervisory agency, as of **December 14, 2007**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low and moderate-income geographies, in a manner consistent with its resources and capabilities.

The Credit Union was examined using the small institution examination procedures. Lending levels reflect an adequate responsiveness to the assessment area's credit needs. The Credit Union's loan to share ratio was reasonable at 87.6 percent for the period under review. The majority of the Credit Union's residential (99.2%) and consumer loans (98.0%) were originated within the assessment area. The Credit Union showed excellent responsiveness to low and moderate income borrowers, compared to the aggregate. The Credit Union's lending performance within the low and moderate-income tracts was below the demographics of the assessment area and the aggregate's performance. The Credit Union has a fair lending policy that complies with the rules and regulations set forth by the Division.

PERFORMANCE CONTEXT

Description of Institution

Aldenville Credit Union is a community based credit union chartered by the Commonwealth of Massachusetts in 1939. The Credit Union's main office is located in the Aldenville section of Chicopee, Massachusetts. Membership is currently open to people and organizations who live, work, or attend school in one of the cities or towns in Hampshire or Hampden Counties.

As of September 30, 2007, Aldenville Credit Union had \$82,130,099 in total assets. Of these assets, approximately \$59,806,548 or 72.8 percent were in the form of gross loans.

Refer to the following table for the distribution of the Credit Union's loan portfolio.

Loan Portfolio Composition

Loan Type	Amount (000s)	Percent
All Other Real Estate/Lines of Credit	21,926	36.7
Residential First Mortgages/Lines of Credit	20,781	34.7
Used Vehicle Loans	4,936	8.3
All Other loans	4,105	6.9
Unsecured Credit Cards	3,801	6.4
New Vehicle Loans	3,291	5.5
Unsecured Loans/Lines of Credit	966	1.5
Total Gross Loans	59,806	100.0

Source: September 30, 2007 Statement of Financial Condition.

Other real estate and first mortgage loans represent the largest segment of the Credit Union's loan portfolio (71.4 percent). Used vehicle loans (8.3 percent) represent the second largest segment of its loan portfolio.

Aldenville Credit Union is headquartered at 710 Grattan Street in Chicopee, Massachusetts and is located in a middle-income census tract. The Credit Union also operates an additional office in Chicopee in the White Birch Plaza. In April 2002, the Credit Union opened a satellite branch office located at the Hampden County House of Corrections in Ludlow. In May 2007, the Credit Union opened a third branch office in the town of Southwick, Massachusetts.

The Credit Union's branches are located in either middle or upper-income census tracts. ATMs are available at all locations. The Credit Union is a member of the SUM Alliance; therefore, no surcharges are imposed to anyone using the Credit Union's ATMs. All branches have extended hours on Thursday, Friday and/or Saturday.

Aldenville Credit Union has competition from several financial institutions within its assessment area. These financial institutions include but are not limited to the following: Polish National Credit Union; Holyoke Credit Union; and Chicopee Savings Bank, as well as representatives of regional and national mortgage companies. The market influence from these institutions appears to be significant, and as a result, serves to keep the Credit Union's rates and services offered competitive.

PERFORMANCE CONTEXT (CONTINUED)

Market share information obtained from PCI Services, Inc. CRA WIZ, based on 2006 aggregate performance data indicates 444 mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions have either originated or purchased residential mortgage loans within the Credit Union's assessment area. The top three lenders in the assessment area for 2006 were Countrywide Home Loans with a 9.25 percent market share; Bank of America, N.A. with a 4.69 percent market share; and TD Banknorth, N.A. with a 2.74 percent share of the market.

The Division conducted a CRA Examination on June 19, 2001, which resulted in a rating of Satisfactory. The Credit Union's ability to meet community credit needs remains strong based on the financial condition and size of the institution.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which the Credit Union will focus its lending efforts. The Division evaluates the institution's CRA performance based on the defined assessment area. Generally, assessment area(s) are expected to consist of Metropolitan Statistical Areas ("MSA"s) or contiguous political subdivisions such as counties, cities and towns. Aldenville Credit Union's assessment area is in conformance with the CRA regulation, containing only whole geographies/census tracts and not arbitrarily, excluding any low or moderate-income geographies. The Credit Union's assessment area contains 41 cities and towns located in the Springfield MSA.

According to 2000 Census Data, the assessment area contains 125 census tracts: 17 (13.6%) are low-income; 20 (16.0%) are moderate-income; 54 (43.2%) are middle-income; 33 (26.4%) are upper-income; and 1 (0.8%) is designated as N/A. The low-income census tracts are located in both Springfield (13) and Holyoke (4). The moderate-income tracts are located in Springfield (8), Chicopee (4), Holyoke (3) and with the following communities each containing 1 moderate tract: Amherst, Ludlow, West Springfield, Westfield, and Ware. The census tract designated as N/A is located in the Town of Amherst and encompasses the University of Massachusetts campus. It should be noted that the census tract with no income designation is not used in the analysis of the Credit Union's lending activity.

According to the 2000 census data, there are 246,840 housing units within the assessment area, of which 59.2 percent are owner-occupied, 35.4 percent are rental occupied units and 5.4 percent are vacant housing units. One to four family properties comprise 82.1 percent of the total housing units.

The median home value of the assessment area is \$119,507 based on 2000 US Census Data. A more recent figure was obtained using figures from the Warren Group, publishers of the Bankers & Tradesman, using sales statistics from January to December 2007. According to this publication, the median selling price for a home in the assessment area was \$197,600. Median prices in the assessment area ranged from a low of \$80,000 in the Town of Cummington to a high of \$325,000 in the Town Longmeadow. Overall, the median prices of homes have increased 6.8 percent in the

PERFORMANCE CONTEXT (CONTINUED)

assessment area versus the same period last year. However, almost half of the communities saw a decrease in the median sales price from last year reflecting the struggling real estate market due to foreclosures and the fallout in the sub prime market.

<i>Selected Housing Characteristics by Income Category of the Geography</i>						
<i>Geographic Income Category</i>	<i>Percentage</i>					
	<i>Census Tracts</i>	<i>Households</i>	<i>Housing Units</i>	<i>Owner- Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>
<i>Low</i>	2.6%	1.2%	1.2%	0.4%	2.2%	1.8%
<i>Moderate</i>	38.2%	35.1%	35.5%	16.9%	56.8%	40.4%
<i>Middle</i>	48.7%	54.2%	53.9%	68.0%	37.6%	49.4%
<i>Upper</i>	7.9%	9.5%	9.4%	14.7%	3.4%	8.4%
<i>N/A</i>	2.6%	-	-	-	-	-
<i>Total</i>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2000 U.S. Census

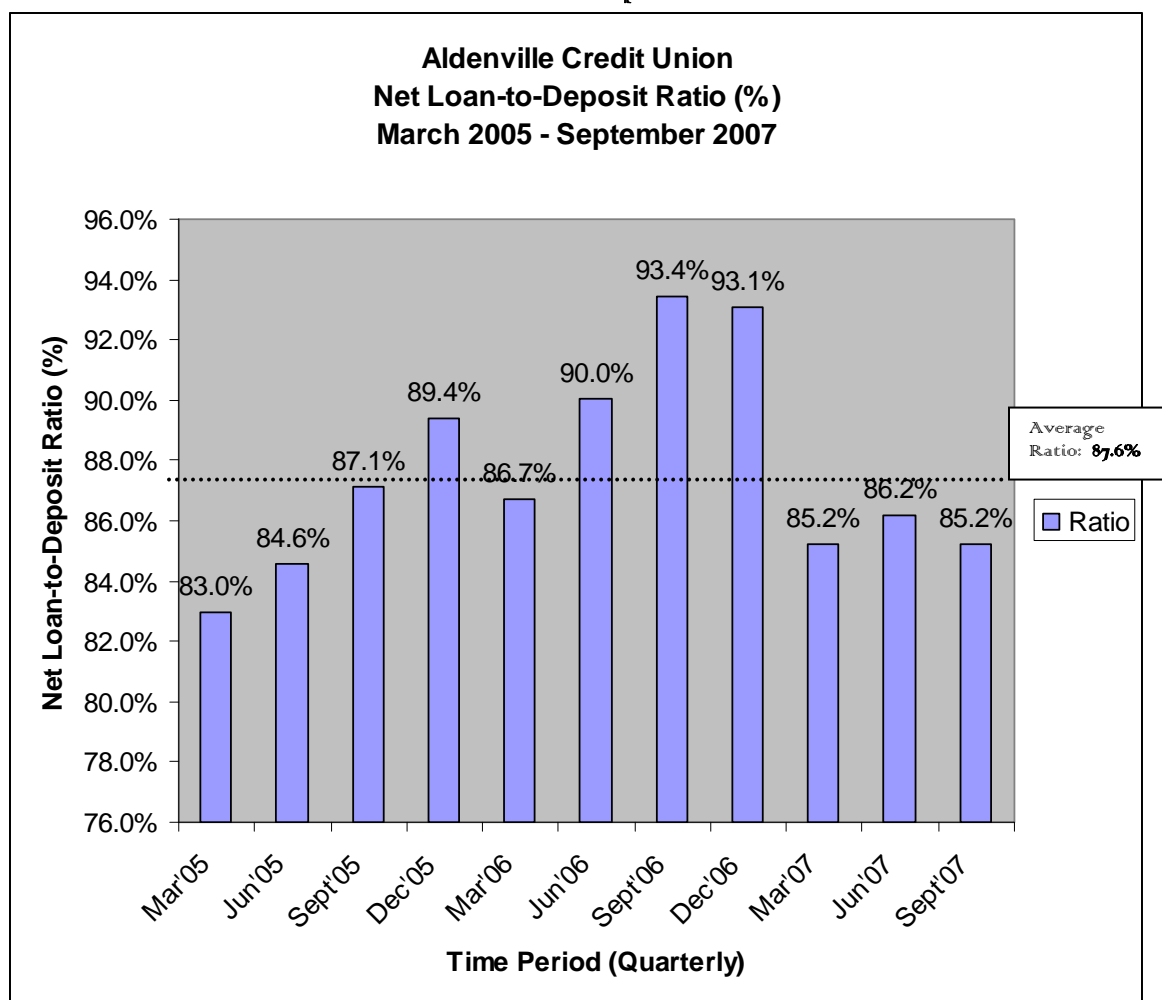
As part of the CRA examination, community contacts are conducted by examiners to determine if there are any areas in need of assistance from local institutions, and to verify if the institutions are meeting the credit needs of the community. One community contact was conducted during the examination, which provided relevant information on the Credit Union's assessment area. The contact was conducted with an organization that deals with affordable housing.

PERFORMANCE CRITERIA

1. LOAN-TO-DEPOSIT ANALYSIS

A comparative analysis of Aldenville Credit Union's quarterly net loan-to-share ratios for the period of March 31, 2005 through September 30, 2007 was conducted during this examination. Using the Credit Union's quarterly 5300 Reports, the average net loan-to-share ratio for this period was 87.6 percent. Aldenville Credit Union's performance is considered reasonable given the community and membership credit needs and the institution's lending capacity. Graph 1 depicts the loan-to-share ratio level and trend for the quarters reviewed. The dotted line represents the quarterly average ratio.

Graph 1



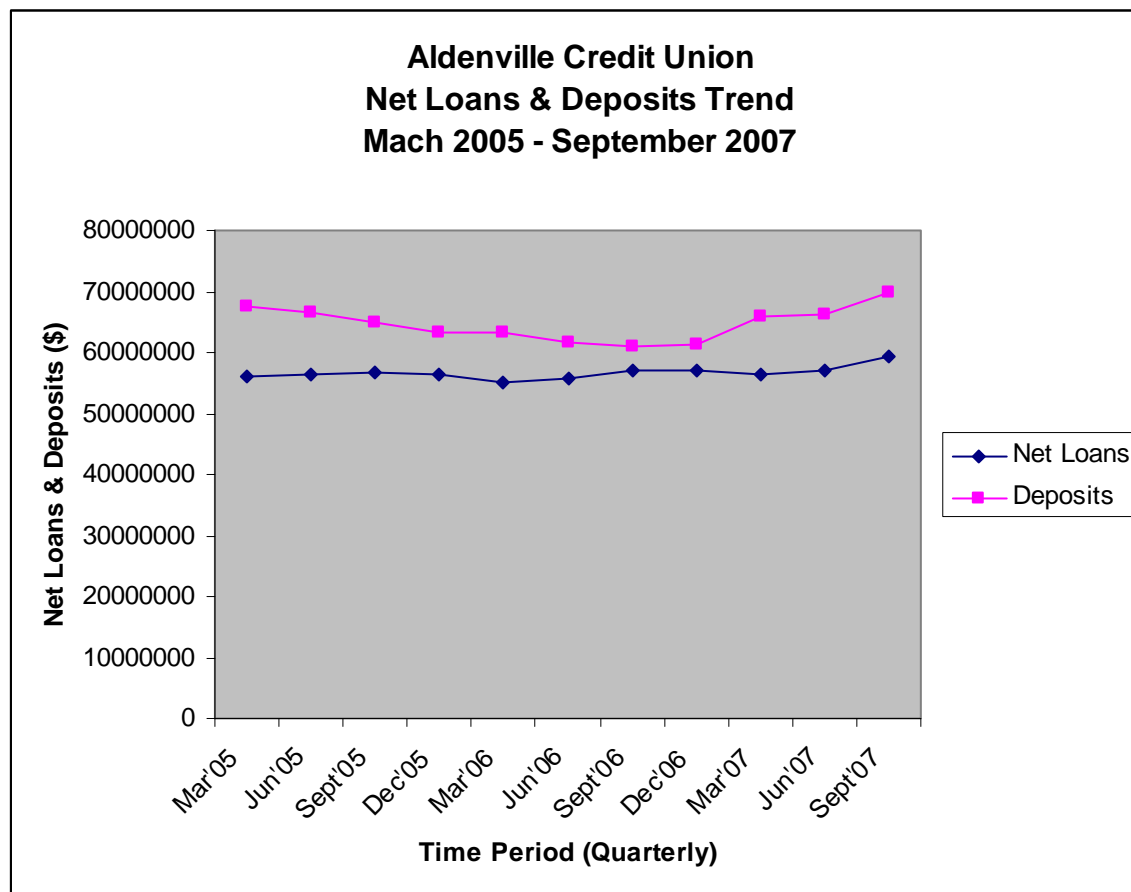
Data Source: National Credit Union Administration 5300 Call Reports

As Graph 1 depicts, the net loans-to-deposits (NLTD) ratio fluctuates with minor observable trends during the eleven quarters under review. The most conspicuous trend is observed between March 2005 and December 2005, when the NLTD increased from 83.0 percent to 89.4 percent, before it declined to 86.7 percent in March 2006. The upward movement in the ratios between this period is largely attributed to declining deposits, which decreased by a modest 3.5 percent, while the net loans increased by a mere 0.7 percent. A maximum ratio of 93.4 percent was recorded in September 2006.

PERFORMANCE CRITERIA (CONTINUED)

Graph 2 depicts a declining trend in net deposits from March 2005 through March 2007, while at the same time, net loans is relatively constant. Also observable is the increase in net loans between June 2006 and March 2007, which allows the net loan-to-deposit ratio to increase during the same period.

Graph 2



Data Source: National Credit Union Administration 5300 Call Reports

Based on the above information and the Credit Union's capacity to lend, the capacity of other similarly-situated credit union's to lend to their members, the types of loans available at the Credit Union, and the lending opportunities available for its membership, the Credit Union's loan-to-share ratio is considered to meet the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Aldenville Credit Union's 2005 and 2006 Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the Credit Union's assessment area. The LAR consists of home purchase loans, home improvement loans and refinances on one-to-four family properties. During the period under review, the Credit Union originated 130 mortgage loans totaling approximately \$11,245,000. Of this amount, 129 loans, or 99.2 percent of the number, totaling \$11,005,000, or 97.9 percent of the dollar amount, was originated in Credit Union's assessment area.

PERFORMANCE CRITERIA (CONTINUED)

The City of Chicopee accounted for the greatest percentage of loans made inside the assessment area.

Refer to the following table for additional information regarding the Credit Union's mortgage lending reportable under the Home Mortgage Disclosure Act ("HMDA"), by both number and dollar amount.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2005	53	98.1	3,488	93.6	1	1.9	240	6.4
2006	76	100.0	7,517	100.0	0	0.0	0	0.0
Total	129	99.2	11,005	97.9	1	0.8	240	2.1

Source: HMDA/LAR, CRA Wiz

In addition, a sample of consumer loans was reviewed to determine the amount of credit extended within the Credit Union's assessment area. As shown in the table below, a majority of the Credit Union's consumer loans were originated inside the assessment area. Refer to the following table for additional information regarding Aldenville Credit Union's consumer loans.

Distribution of Consumer Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2005	24	96.0	256	92.6	1	4.0	20	7.4
2006	25	100.0	225	100.0	0	0.0	0	0.0
Total	49	98.0	481	96.0	1	2.0	20	4.0

Source: Aldenville consumer loan portfolio

As indicated in the tables above, the majority of residential and consumer loans originated in 2005 and 2006 were inside the Credit Union's assessment area. Based on the Credit Union's level of lending and its penetration in the assessment area, the Credit Union's responsiveness to credit needs is considered to exceed the standards for satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

An analysis of mortgage and consumer loans extended within the various income levels was conducted during the examination. All of the mortgage and consumer loans were categorized by the ratio of the applicant's reported income to the median family income of the Springfield MSA. The income figures are based on estimated Department of Housing and Urban Development (HUD) information. The estimated incomes for the Springfield MSA for 2005 and 2006 are \$61,800 and \$62,900 respectively.

PERFORMANCE CRITERIA (CONTINUED)

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table presents the Credit Union's performance as well as the 2006 aggregate data (exclusive of Aldenville Credit Union) of HMDA reportable lending by percentage. In addition, the table also reflects the percentage of family households in each of the borrower income categories.

Distribution of Home Mortgage Loans by Borrower Income								
Median Family Income Level	% Total Family Households Per 2000 Census Data	2006 Aggregate Lending Data (% of #)	2005 Credit Union Data		2006 Credit Union Data		Bank Total	
			#	%	#	%	#	%
Low	21.7	5.4	4	7.5	3	3.9	7	5.5
Moderate	17.1	21.8	18	34.0	26	34.2	44	34.1
Middle	22.0	27.6	17	32.1	22	28.9	39	30.2
Upper	39.2	29.2	14	26.4	25	33.0	39	30.2
NA	-	16.0	-	-	-	-	-	-
Total	100.0	100.0	53	100.0	76	100.0	129	100.0

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

Aldenville Credit Union's percentage of lending to low-income borrowers is slightly below that of the aggregate in 2006 and well below the percentage of family households. In 2006, the Credit Union's lending to low-income borrowers was 3.9 percent compared to the aggregate which originated 5.4 percent while the percentage of low-income family households was 21.7 percent.

The Credit Union's lending to moderate-income borrowers was more positive. Aldenville Credit Union originated 34.2 percent of its loans within the assessment area to moderate-income borrowers in 2006, which is well above the percent of family households in that category and well above the aggregate's percentage of lending at 21.8 percent.

The sample of consumer loans was also reviewed to determine the level of consumer lending among various borrower income levels. Refer to the following table below for more details.

Distribution of Consumer Loans by Borrower Income						
MFI Level	2005		2006		Total	
	#	%	#	%	#	%
Low	12	50.0	8	32.0	20	40.8
Moderate	4	16.7	9	36.0	13	26.5
Middle	6	25.0	4	16.0	10	20.4
Upper	2	8.3	4	16.0	6	12.3
Total	24	100.0	25	100.0	49	100.0

Source: Consumer loan files.

PERFORMANCE CRITERIA (CONTINUED)

As shown in the table, the Credit Union originated 40.8 percent and 26.5 percent to low and moderate-income individuals, respectively.

Based on the information above, the Credit Union's lending to borrowers of different income levels, including those of low and moderate-income, both residential and consumer, meets the standards for satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

An analysis of residential loans extended to borrowers from the various census tracts within the Credit Union's assessment area was conducted. The assessment area is comprised of 125 census tracts: 1 or 0.8 percent designated as NA; 17 or 13.6 percent as low-income; 20 or 16.0 percent as moderate-income; 54 or 43.2 percent as middle-income; and 33 or 26.4 percent as upper-income.

The one census tract within the assessment area designated as NA was not used to evaluate the Credit Union's performance in this category because of the limited lending opportunities available in this geography, as described in the performance context.

The following table presents the Credit Union's performance as well as the 2006 aggregate data (exclusive of Aldenville Credit Union) of HMDA reportable lending by percentage. In addition, the table also reflects the percentage of owner-occupied housing units in each of the census tract income categories.

Distribution of Home Mortgage Loans by Income Category of the Census Tract								
Census Tracts	% Total Owner-Occupied Housing Units	2006 Aggregate Lending Data (% of #)	2005 Credit Union Data		2006 Credit Union Data		Total	
			#	%	#	%	#	%
Low	2.6	5.6	1	1.9	1	0.1	2	1.6
Moderate	11.3	16.5	8	15.1	11	14.6	19	14.7
Middle	54.1	54.2	34	64.2	50	65.9	84	65.1
Upper	32.0	23.6	10	18.8	14	18.4	24	18.6
NA	-	0.1	-	-	-	-	-	-
Total	100.0	100.0	53	100.0	76	100.0	129	100.0

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

As demonstrated above, the percentage of the Credit Union's lending activity in low and moderate-income census tracts is below that of the aggregate. Lending activity in low-income census tracts was 0.1 percent by number in 2006 compared to the aggregate's lending of 5.6 percent. Lending in moderate-income census tracts was also below the aggregate. Aldenville Credit Union originated 14.6 percent of its loans in moderate-income census tracts versus the aggregate which originated 16.5 percent.

PERFORMANCE CRITERIA (CONTINUED)

The sample of consumer loans was also reviewed to determine where the Credit Union's consumer loans were distributed within the various census tracts in the assessment area. As shown in the table below, 10.2 percent of the consumer loans were originated in low-income tracts and 30.6 percent were originated in moderate-income tracts.

Distribution of Consumer Loans by Income Category of the Census Tract						
Census Tract	2005		2006		Total	
	#	%	#	%	#	%
Low	3	12.5	2	8.0	5	10.2
Moderate	7	29.2	8	32.0	15	30.6
Middle	11	45.8	14	56.0	25	51.0
Upper	3	12.5	1	4.0	4	8.2
Total	24	100.0	25	100.0	49	100.0

Source: Consumer loan files

Based on the above information, the Credit Union's distribution of both HMDA-reportable loans and consumer loans by census tract income level reflects a reasonable dispersion throughout the assessment area and meets the standards for satisfactory performance.

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Aldenville Credit Union's fair lending performance was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy. A review of the public comment file indicated that the Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination. In addition, a review of the Credit Union's residential loan application files was conducted to check for fair lending issues. There were no practices evident in the file review that would result in disparate treatment.

Specific areas pertaining to prohibited activity, advertising practices, loan review, training, policy review, the Credit Union's loan application process, and regulations pertaining to the Equal Credit Opportunity Act, Fair Housing Act, and the Home Mortgage Disclosure Act are discussed. The Credit Union's has a fair lending policy that meets the requirements of the Division's Regulatory Bulletin.

The Credit Union has established a formal second review program. A committee has been established that consists of two members of the Board of Directors' Credit Committee. These individuals were appointed to perform an internal second review of denied consumer and mortgage applications.

PERFORMANCE CRITERIA (CONTINUED)

Minority Application Flow

A review of residential loan applications was conducted. The process is used to determine the number of applications the Credit Union received from minority individuals. In 2005 and 2006, Aldenville Credit Union received 157 residential loan applications from within its assessment area. During this period, 11 applications or 7.0 percent, were received from minority applicants. Of the 11 applications received, 8 or 72.7 percent resulted in originations. Refer to the following table for complete details relative to the Credit Union's minority application flow as well as from the aggregate lenders (excluding the Credit Union) in the Credit Union's assessment area.

MINORITY APPLICATION FLOW								
RACE	Credit Union 2005		Credit Union 2006		2006 Aggregate Data		Credit Union Total	
	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	0	0.0	0	0.0	196	0.3	0	0.0
<i>Asian</i>	1	1.7	0	0.0	644	1.0	1	0.6
<i>Black/ African American</i>	1	1.7	3	3.1	3,895	6.5	4	2.6
<i>Hawaiian/Pac Isl.</i>	0	0.0	0	0.0	219	0.4	0	0.0
<i>2 or more Minority</i>	0	0.0	0	0.0	20	0.1	0	0.0
<i>Joint Race (White/Minority)</i>	0	0.0	0	0.0	436	0.7	0	0.0
Total Minority	2	3.4	3	3.1	5,410	9.0	5	3.2
<i>White</i>	56	94.9	95	96.9	38,549	64.1	151	96.2
<i>Race Not Available</i>	1	1.7	0	0.0	16,139	26.9	1	0.6
Total	59	100.0	98	100.0	60,098	100.0	157	100.0
ETHNICITY								
<i>Hispanic or Latino</i>	0	0.0	5	5.1	5,742	9.6	5	3.3
<i>Not Hispanic or Latino</i>	58	98.3	92	93.9	38,828	64.6	150	95.5
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	0	0.0	1	1.0	533	0.8	1	0.6
<i>Ethnicity Not Available</i>	1	1.7	0	0.0	14,995	25.0	1	0.6
Total	59	100.0	98	100.0	60,098	100.0	157	100.0

Source: US Census, HMDA LAR, HMDA Aggregate Data

Aldenville Credit Union was below the level of performance of the aggregate with regards to minority application flow. The Credit Union received a lower percentage of applications from racial and ethnic minority applicants in 2006. The applications received by the Credit Union for minorities by race in 2006 were 3.1 percent while the aggregate received 9.0 percent for minorities by race. In 2006, the applications the Credit Union received from ethnic applicants of Hispanic origin were 5.1 percent while the aggregate's percentage was 9.6 percent.

PERFORMANCE CRITERIA (CONTINUED)

According to the 2000 Census Data, the Credit Union's assessment area contained a total population of 613,829 individuals, of whom 21.7 percent are minorities. The assessment area's minority and ethnic population is 6.0 percent African American, 1.8 percent Asian/Pacific Islander, 0.2 percent American Indian/Alaskan Native, 0.1 percent Hawaiian/Pacific Islander, 12.1 percent Hispanic or Latino and 1.5 percent other. Thus, the Credit Union received a smaller percentage of application from ethnic and racial minorities within its assessment area compared to the racial composition.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 710 Grattan Street, Chicopee, MA."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.